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SUBJECT: BOSPHORUS DELAYS EASE BUT ISSUES REMAIN

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    [B.](#) 2003 ANKARA 3399

[11.](#) (U) Sensitive but unclassified. Not for internet distribution.

[12.](#) (SBU) Summary: Shipping delays on the Bosphorus and Dardanelles straits have eased in recent days but the war of words surrounding the issue continues. Russia's oil pipeline monopoly Transneft strongly criticized Turkish administration of the waterways earlier this week, and indicated that it is considering building a pipeline across Thrace that will bypass the problem. For their part, Turkish officials strongly defend themselves, ascribing the problems to this winter's unusually bad weather (in the most recent storm last week four ships sank or ran aground in the approaches to the two straits) and to the doubling of oil exports via tanker from the Black Sea over the past seven years. Both government and industry sources stress that the new VTS system is not a panacea and that traffic is at or near capacity. End Summary.

[13.](#) (SBU) Winter of Discontent: Recent months have constituted a winter of discontent for oil shippers using the Bosphorus and Dardanelles. By some accounts, delays have averaged 20 days for tankers to transit the two straits, with the longest waits in the approaches to the longer Dardanelles. Chevron/Texaco advisor Captain Kjell Ljandin told Embassy econoff that the worst moment occurred earlier this month when 42 ships were waiting in the Marmara Sea to pass south through the Dardanelles. With tanker rates in the Mediterranean at extremely high levels, the delays have translated into extra costs of 700,000 USD or more per shipment. According to Transneft officials, they have also led to serious backups at Russia's Novorossiisk oil terminal. Alper Aral, a manager at Ditas, the oil shipper owned by Turkish refinery Tupras, told us that because the delays cannot be predicted in advance, they have upset supply schedules and put upward pressure on already high tanker rates in the Mediterranean. The problem does not affect Ditas' shipments to Tupras' Izmit refinery on the sea of Marmara, he said, since such shipments can "jump the queue," but does affect shipments to refineries in Izmir. Aral added, however, that blaming delays solely on the straits is misleading, in that the Russian port is often closed by bad weather as well. Nonetheless, the Bosphorus delays do impose a significant cost on shippers, and according to Cem Koksal, the Chief Financial Officer of the Zorlu Group, the Turkish partner in Tatneft's winning bid for Tupras, the ability to avoid them provided an additional incentive for the Russian oil company's decision to bid on the Turkish refiner.

[14.](#) (SBU) Running at capacity: In press comments, Transneft officials have suggested that in addition to technical issues leading to shipping backlogs there are "political issues" as well, a charge strongly disputed by Turkish authorities. Instead, they point to the increase in oil volumes shipped over the last decade to what they describe as the straits' capacity. Official figures document the dramatic increase. The amount rose from 124 million tons in 2002 to 13 million tons in 2003. Most tellingly, the latter total is more than twice 1997's total of 60 million tons. With these volumes, both government and industry sources describe the recent bad weather in European Turkey as he "saw the camel's back." Indeed, in the most recent storm on February 13-15, four ships sank or ran aground in the approaches to the Bosphorus and Dardanelles, with the loss of 20 Cabodian and Bulgarian seamen.

[15.](#) (SBU) Necessary Balance: Maritime Deputy Undersecretary

Sitki Ustaoglu stressed to Embassy econoffs that even when the new Vessel Traffic System (VTS) for the straits is fully operational it will turn over to Turkey on a provisional basis at the beginning of the year, though some unspecified problems remain that should be resolved by April, it will not solve the problem of shipping delays. This point was echoed in Istanbul by Turkish Maritime Pilots Association (TKKD) Secretary General Cavit Istikbal, who argues that if the system is used to implement vessel spacing requirements, which heretofore have often been observed mostly in the breach, traffic could decline rather than increase. (In the past, according to MFA officials, shippers often bribed straits officials to get around the transit rules, but now with electronic management this is no longer possible.) In Istikbal's view, while the new system provides a useful documentary record of incidents that occur, it does not materially change the vessel transit system that has been in place since 1994, and so will not lead to increased traffic.

**16.** (SBU) Upgrades: Istikbal said that planned implementation of an automatic ship reporting system may permit some increase in volume, since Maritime authorities will know sooner about approaching ships and will be better able to organize them. But Ustaoglu noted that such organization may also require some unspecified changes in existing legislation and will not be implemented in the near future. In essence, Istikbal described the current system as a delicate balancing act between safety requirements and traffic facilitation, in that the daylight and one-way traffic requirements for large (200 meter) tankers inevitably limit volumes (only six such tankers can be accommodated each day on the Bosphorus; the limit was raised to 7-8 on the Dardanelles at the end of January), but reflect a reasonable tradeoff since any accident in the straits could interrupt traffic for a protracted period. Similarly, though Montreaux does not allow Turkey to require use of tugboats, Turkey has been able to encourage their use by allowing only one large tanker through a day without a tug. The costs of waiting far outstrip the modest cost of the tug, so most large vessels acquiesce and employ one.

**17.** (SBU) Bypass pipelines: The delays in the straits have led to renewed interest in pipeline projects to bypass them, especially since in most experts' view the Baku-Tblisi-Ceyhan pipeline will only provide limited relief when it comes online next year (Istikbal estimated that BTC would only replace one of the six large tankers that transit the straits each day, and that new production would swiftly replace it). In press comments this week, Transneft indicated its interest in a pipeline across Thrace that would enable it to avoid both straits. A source close to the Thrace bypass told us that the rising cost to shippers (delays and insurance) has convinced several oil companies that the Thrace bypass is an economically viable/cost effective alternative. Zorlu's Koksal judged that the most currently feasible project would take oil to the Tupras refinery in Izmit from a point on Turkey's Black Sea coast. He noted that this route could be built for a relative pittance (150 million USD), and would mostly parallel existing natural gas pipelines, so would have less right-of-way difficulties.

**18.** (SBU) Comment: Turkish maritime officials have told the Embassy that they are preparing a paper for the International Maritime Organization (IMO) on the straits, to follow up on their response last year to Russia's complaints (ref b). They stress, however, that they have no plans to change the Montreaux convention and that while legislative changes are planned, this will take time so that "no quick fixes" are in the works. From the perspective of our Istanbul contacts, Turkey's measures to safeguard the straits strike a proper balance between Turkey's responsibilities under the convention and its responsibilities to its citizens, particularly given the impact an accident would have on the city and its inhabitants. End Comment.

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